

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-06 ISO-00 SP-02 AID-05 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 L-02 H-01 /077 W
----- 059436

R 132237Z DEC 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5218

AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE OTTAWA 4067

E.O. 11652: N/A

TAGS: EFIN CA

SUBJECT: INDIAN DEBT RESCHEDULING

REF: STATE 273320

1. EMBOFF DISCUSSED DEBT RESCHEDULING FORA WITH FRED LIVINGSTON, CHIEF OF BILATERAL PROGRAMS, INTERNATIONAL PROGRAMS DIVISION OF FINANCE DEPARTMENT. LIVINGSTON SAID HE HAD ALREADY TALKED WITH U.S. TREASURY OFFICIALS ABOUT U.S. POSITION DURING OECD MEETING IN PARIS LAST OCTOBER, AND HE HAD OUTLINED FINANCE VIEWS AT THAT TIME.

2. ACCORDING TO LIVINGSTON, GOC APPROACH TO DEBT RESCHEDULING IS DETERMINED BY PURPOSE OF DEBT REORGANIZATION AND BY COUNTRY INVOLVED. IN CASE OF INDIA, HE BELIEVED CREDITOR CLUB IS NOT APPROPRIATE WHEREAS AID-TO-INDIA CONSORTIUM IS "BEST APPROACH" SINCE DEBT STRUCTURE MUST BE SEEN "ALONG A CONTINUUM" OF ENTIRE INDIAN NEEDS. IF INDIA IS FACED WITH PRUELY CREDITOR CLAIMS, WITHOUT OVERALL VIEW OF ITS ASSISTANCE REQUIREMENTS, AS TO WEAKEN SOME PART OF THE "CONTINUUM" (E.G., FOREIGN TRADE, BASIC INDUSTRY, ETC.)

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EM IN LIVINGSTON VIEW, IBRD CHAIRMANSHIP OF AID
CONSORTIUM IS "GOOD THING" BECAUSE IT CAN ACT AS
RELATIVELY "DISINTERESTED" BODY. ALSO, IT HAS COMPETENT
STAFF TO PREPARE BACKGROUND PAPERS, WHICH ARE ABSOLUTELY
ESSENTIAL TO SUCCESS OF MEETING.

4. LIVINGSTON SAID THAT IF U.S. PRESENTED GOC WITH
FORMAL DEMARCHE ON CREDITOR CLUB APPROACH VIS-A-VIS
AID CONSORTIUM, GOC WOULD BE REQUIRED OBTAIN INTER-
AGENCY APPROVAL OF APPROACH OUTLINED IN PARA. 2.
HOWEVER, HE DID NOT THINK THAT THERE WERE SIGNIFICANT
DIFFERENCES IN OTHER GOC AGENCIES TO CURRENT
FINANCE DEPARTMENT POSITION.
JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT DEBTS, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA04067
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740363-0670
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741237/aaaabfck.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 STATE 273320
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by boyleja>; APPROVED <23-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDIAN DEBT RESCHEDULING
TAGS: EFIN, CA, US
To: STATE NEW DELHI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005